

THE NATION
24 May 1980

SNEPP AND 'CONFIDENTIALITY'

The C.I.A. As Censor

ARYEH NEIER

It is much more safe to be feared than to be loved.

—Niccolò Machiavelli, *The Prince* (1513)

On March 6, when several Central Intelligence Agency officials testified at a secret hearing of the Permanent Select Committee on Intelligence of the U.S. House of Representatives, they provided a fascinating revelation of the values the Agency most fiercely guards. The hearing was called at the request of

Representative Les Aspin of Wisconsin and was intended to inform the members of the committee about the censorship procedures that are being employed by the C.I.A. in the wake of the Supreme Court's *Snepp* decision. The C.I.A. officials who testified are associated with the Agency's Publications Review Board; that is, they are the C.I.A.'s censors. A transcript of the hearing has now been released by Representative Aspin. Although parts have been deleted, what remains shows clearly that to the Agency watchdogs, the shadow of its image is more important than the substance of the information it wishes to suppress.

At the hearing, Representative Aspin inquired about a passage in the *Snepp* decision, "where it says . . . that a former intelligence agent's publication of unreviewed material relating to intelligence activities can be detrimental to vital national interests; even if the published information is unclassified. What is your view of that?" Ernest Mayerfeld, an attorney in the C.I.A.'s Office of General Counsel, responded: "Oh, I most emphatically agree with that statement. That, indeed, is the whole point of the *Snepp* case; and I think Director [Stansfield] Turner, in the course of the trial, testified to this eloquently. He said, if we cannot control our own employees, if they can flout the obligation that they have with us, what kind of a signal are we sending to our sources? What kind of a signal are we sending to our cooperators? It doesn't matter whether there is anything in there or not which in fact hurts, but if they can with impunity violate their obligation and publish, it sends a very bad and dangerous message to our sources."

At another point in the publication of *Wi* *My Life in the G* States was submitted passages disclosing French edition, only was the class of the discrepancy to tell exactly what officials have long greatest damage

published but also identified as classified. It saves any hostile government a lot of time, makes it plain that the C.I.A. has a reason to conceal the information and confirms its accuracy. Yet, as the following exchange indicates, at the hearing the C.I.A.'s censors did not demonstrate any concern about Colby's book:

Mr. Aspin: How about suing Bill Colby for the proceeds from the French edition?

Mr. Wilson [executive secretary of the C.I.A.'s Publications Review Board]: We could not sue him on the same ground as *Snepp*, in my opinion. I am not an attorney, Mr. Aspin, but Mr. Colby did submit his manuscript for review.

Mr. Aspin: But the book was published in the French edition without changes.

Mr. Hetu [director of the C.I.A.'s Office of Public Affairs and chairman of its Publications Review Board]: As we understand it, Mr. Colby's U.S. publisher had a copy of the original manuscript and provided it to the French without making changes.

Mr. Aspin: Suppose *Snepp* had sent his manuscript in and you had reviewed it but it had been published that way and somebody could say, gee, the publisher just made a mistake, would that have let *Snepp* off the hook?

Mr. Hetu: A hypothetical. I just don't know what would have happened in that case.

Aspin dropped the line of questioning, but it would be interesting to know what the C.I.A. officials would have said if he had pointed out that Colby violated the C.I.A.'s Termination Secrecy Agreement by giving an uncensored copy of his manuscript to his publisher. Under the agreement, Agency employees pledge never to "divulge, publish or reveal . . . classified information" to anyone outside the C.I.A. without its permission. The C.I.A. could have sued Colby and, since classified information was involved, would have had an easier time proving that it suffered damages than was possible in the case of *Snepp*.

A number of explanations are possible for the decision to sue *Snepp* but not to sue Colby. *Snepp* was a mere agent; Colby was the Director of the C.I.A. *Snepp* is a critic of the C.I.A., though not one who can be readily typed ideologically. Colby, despite his embittered relations with other

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PM-COLBY 5-22

BINGHAMTON, N.Y. (UPI) -- FORMER CIA DIRECTOR WILLIAM COLBY SAYS THE DISPUTE OVER A NEW CHARTER HAS FORCED THE AGENCY TO PAY TOO MUCH ATTENTION TO CONGRESS AND NOT ENOUGH TO INTELLIGENCE GATHERING. A NEW CIA CHARTER WON'T BE APPROVED THIS YEAR BECAUSE OF THE DISAGREEMENT IN THE SENATE, COLBY PREDICTED IN A WEDNESDAY SPEECH TO A BINGHAMTON BUSINESS GROUP.

COLBY SAID THE DEBATE WAS SPLIT BETWEEN "THOSE WHO WOULD LIKE TO GO BACK TO THE OLD DAYS AND THOSE WHO WANT TO FESTOON OUR INTELLIGENCE SERVICE WITH THINGS THAT MAKE WORKING DIFFICULT."

"I'M DISAPPOINTED WE CANNOT PUT TOGETHER A CONSENSUS ON A CHARTER," HE SAID. ABOUT 25 PROTESTERS MARCHED OUTSIDE THE BUILDING WHERE COLBY SPOKE. THEY WERE MEMBERS OF A GROUP AT THE STATE UNIVERSITY AT BINGHAMTON WHO WERE PROTESTING CIA INVOLVEMENT IN ANGOLA, CHILE AND VIETNAM.

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NEWSWEEK
12 May 1980

How to Manage Foreign Policy

President Carter took over the stewardship of foreign policy at a difficult turning point for the United States. In the post-Vietnam years, the power of the executive branch to conduct foreign policy has been badly fragmented. Congress is far more assertive, poking into areas it once avoided and balking at Presidential requests it once considered patriotic to carry out. "Congress is right up in the front row on any issue," says former CIA director William Colby. "Sometimes it actually seems to be conducting foreign policy." One casualty has been the President's intelligence agencies, tarred with scandal, abuse and missed calls, such as the revolution in Iran. Conservatives like Ray S. Cline of Georgetown University now accuse Carter of abetting the decline of U.S. intelligence agents by pressing Congress to pass a new CIA charter "full of guardhouse-lawyer language telling them what they cannot do."

The President's style of operation in foreign policy has come in for some harsh criticism. To be fair, his vices are the defects of his virtues: his goals have been ambitious—but often contradictory. To assail Moscow for human-rights violations while negotiating SALT II was one large case in point. But day-to-day diplomacy has also been hobbled by contradictions. In one instance, Brzezinski found himself preaching new and closer relations with Japan shortly before Washington announced that Tokyo would not receive American nuclear-power equipment that Japan needed badly.

The President's working methods have also produced sometimes ambiguous results. "The Administration proved to be good at taking a structured problem and

finding a solution," says William B. Quandt of the Brookings Institution. "If you look at its efforts on the Panama Canal treaty, the SALT II treaty, Camp David and Rhodesia, they tell you a lot about how Carter saw the world and how to deal with it." But often the solutions to individual problems didn't fit smoothly into any broader strategy. Although Camp David was a masterly exercise in evangelical persuasion, it paid scant attention to the hostility the Israeli-Egyptian accords were bound to generate throughout the Arab world. And Carter's one-case-at-a-time diplomatic engineering did not equip the Administration to foresee and respond with equal skill to revolutions, civil wars and big-power confrontations.

Critics also question the acumen of some of the President's diplomatic personnel de-

cisions. Forty senators voted against confirming Paul Warnke as chief SALT negotiator, but Carter sent him off to Moscow to negotiate a SALT II treaty that 34 senators could strike down. The White House ignored cables from Ambassador William Sullivan predicting the downfall of the Shah in Iran, sending a special envoy—Gen. Robert Huyser—in a disastrous attempt to shore up an acceptable regime in Iran. "What we've seen under Carter is a total failure of the diplomatic establishment," says George Ball. "Whenever a problem arises, he puts someone on a jet plane who may not understand the customs or politics of the area. The most effective thing we could do in our foreign policy is ground all executive jets for a year."

The terminal rift between the views of Vance and Brzezinski has also exposed the role of national-security adviser to some second thoughts. As practiced by McGeorge Bundy under John Kennedy and by Brent Scowcroft under Gerald Ford, the job was akin to that of a senior civil servant in Britain—a loyal, faceless bureaucrat. But Brzezinski is a major policymaker—and the only foreign-policy adviser who has access to Carter around the clock and keeps an office in the White House itself. The competition would never have been tolerated by such strong secretaries of state as George C. Marshall, Dean Acheson or John Foster Dulles, let alone Henry Kissinger. At a recent news conference, Kissinger proposed a diminished role for the head of the NSC staff. "When I was security adviser," he admitted, "I did not practice what I am now going to be preaching. [But] I believe that the security-adviser position should be reduced to the ordering of options, that the principal spokesman for foreign policy should be the Secretary of State. The security adviser should not be on television. He should not give press conferences."

Ultimately, the responsibility for the sound direction of foreign policy rests with the President. If the President is a man of ambivalent ideas, as Carter has often been in foreign policy, and if he gives his advisers opportunities to compete for unbridled influence, they are certain to do so. The result is likely to be confusion, missed opportunities and the courting of trouble at home and abroad. Now, with the politically astute Edmund Muskie at the State Department, the President has dealt himself a fresh hand. But Jimmy Carter must play the cards himself. How well he does it will affect not only his hold on the Presidency, but the future security of the United States.

RADIO TV REPORTS, INC

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FOR PUBLIC AFFAIRS STAFF

STATINTL

PROGRAM Non Fiction Television STATIN
"On Company Business"

DATE May 9, 1980 10:00 PM CITY

SUBJECT Full Text PART I, II, III

SENATOR FRANK CHURCH: Have you brought those devices which would have enabled the poison for...

STATINTL

WILLIAM COLBY: We have indeed.

STATINTL

SENATOR CHURCH: ...for killing people

COLBY: The round thing at the top is sight. It works by electricity. There's a battery and it fires a small dart.

SENATOR CHURCH: And the dart itself the target, does the target know that he's about to die?

COLBY: A special one was developed which would be able to enter the target without perception.

SENATOR CHURCH: As a murder instrument, that's about as efficient as you can get, isn't it?

COLBY: It is a weapon, a very serious weapon.

[Visual of excerpt from Doolittle Report]

DAVID ATLEE PHILLIPS: A secret organization is a risk in any society. I believe it's a risk that we must take for the net gain, because I believe it's always going to be there.

Now, let's say that we abolish the CIA. It's done so many bad things. Let's don't ever have them again.

Former CIA head defends covert actions

By Steve Karnowski

The chapel at Macalester College in St. Paul was filled Tuesday night with people who came to see a "real live spy," William Colby, former director of the CIA.

Colby was executive director and comptroller of the CIA in 1972-73, and served as Director of Central Intelligence, the umbrella organization overseeing all U.S. intelligence gathering activities, including the CIA, from 1973 to 1976.

Colby defended the CIA's controversial use of covert activities in foreign countries. While many covert operations such as assassination attempts against Cuban Premier Fidel Castro were "just plain wrong," he said many were justifiable and successful. Efforts to assist "center democratic" European political parties in the 1950s were one example, he said. During the 1950s, the Soviets were pouring \$50 million annually into the Italian communist movement, he said. "Were we to sit and do nothing? Or could we provide some assistance, not to the right wing, but to the center-democratic parties, to meet that challenge?"

Covert operations can serve the function of "something between sending a diplomatic protest having no result and on the other hand sending a carrier task force and the U.S. Marines."

The Soviet Union is an "ideological state," Colby warned, "imbued with a religion they believe offers a better solution to the problems of the world... and are still imbued with the missionary spirit of expanding that religion, not just by conviction, but by subversion, either by their own agents or their proxies such as Cuba and East Germany, to carry on the proselytizing work."

Many in the audience turned hostile during the question-and-answer session afterward. Responding to the frequent charge that the CIA was responsible for the 1973 coup that led to the overthrow and death of Chilean President Salvador Allende, Colby denied the CIA played any role in the coup. The CIA did participate in a six-week campaign in conjunction with the Chilean right wing and military in 1970 that failed, he said, but added "I'm not justifying that operation. I think that was wrong." He said that in 1973 a directive went to the CIA's people in Chile to "stay away. Let the Chileans do it."

To that, a member of the audience replied, "Is it right for our government to dictate what kind of government they should have?"

Colby also spoke of our "revolutions in American intelligence." The first revolution, he said, was applying scholarship to intelligence gathering by assessing information on other countries which already existed in this country.

As an example, he cited a photograph of "somebody's Aunt Millie who had been on a summer trip to France in the 1930s. But behind Aunt Millie stood a truck, demonstrating that the sand of that beach was firm enough to hold weighty vehicles." Because of this information, Allied

forces in World War II were able to land on beaches at Normandy.

The second, he said, was the application of technology to intelligence. He cited the combination of aerospace and photographic technology to produce the U-2 spy planes and the current generation of spy satellites. In 1967, by analyzing spy photographs taken over Soviet missile bases, the United States was able to compare them with spy photographs taken over Cuba and determine that the Soviets were basing offensive missiles in Cuba.

A third revolution was the growing sentiment that intelligence operations should be conducted inside the law, he said.

In the 1970s, it was revealed that the CIA had overstepped its authority with operations such as the assassination attempts against Castro. These revelations, he said, led to the third revolution in American intelligence. "We insist today that American intelligence operate under the American Constitution and under American

law."

But by revealing many of the abuses of CIA power, Colby said "I think we hurt ourselves." These revelations led other governments to feel that the United States "can't keep secrets," he said. "We lost some of our eyes and ears during that period." But while these losses were "serious," he said, they were "not necessarily fatal."

American intelligence activities must be balanced between the need for secrecy and the public's right to know about its activities, he said.

"We are not going to run American intelligence along the old system of total secrecy," he said, "but we cannot run American intelligence along a system of total exposure."

Colby praised the proposed charter for the CIA pending in Congress which he said would keep the CIA within the limits of authority and keep certain congressional committees informed of its operation.

A fourth revolution, he said, has been the use of intelligence gathered by the various U.S. intelligence agencies in public debate, on issues such as the SALT treaties. "This doesn't mean we have to reveal the sources of our information," he said. "It does mean we're increasingly opening the substance of our information to public knowledge." He noted that before the SALT II was shelved after the Afghanistan invasion, the debate was conducted in public "on an informed basis" with regard to Soviet weapons and capabilities.

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THE WALL STREET JOURNAL
1 May 1980

An Australian Bank Faces Many Charges In Fiction-Like Case

**Nugan Hand Chairman Found
Dead, Accused of Stealing;
A CIA Link Is Alleged**

A WALL STREET JOURNAL News Roundup

It has all the elements of a fictional thriller: The chairman of an international banking company is found dead under questionable circumstances. The bank goes into insolvency and the new chairman charges the late chairman with misappropriating millions of dollars. Investigators hear tenuous—and unproven—allegations that the bank associated with drug dealers and the U.S. Central Intelligence Agency.

The bank is the Cayman Islands-registered Nugan Hand Bank of Sydney, Australia. The bank is part of Nugan Hand Ltd., which is in the hands of provisional liquidators and which was the main company in the Nugan Hand International Group. The bank had operations in Australia, Hong Kong and West Germany and representative offices in about 10 other locations in Southeast Asia, Europe and the Americas, including three resident representatives in the U.S. Nugan Hand Ltd. recently changed its name to Nuhan Proprietary Ltd.

The former chairman, Francis J. Nugan, 33 years old, was found dead in his car Jan. 27 on a lonely road outside Sydney, with a bullet wound in his head and a rifle beside his body. Weeks later, with an audit under way in Australia, the bank's Hong Kong company stopped taking deposits and repaying customers. In Singapore, authorities arrested a local official of Nugan Hand on suspicion of conducting banking business without a license. And authorities in Malaysia are making preliminary inquiries into the group's activities there.

In Sydney, the late Mr. Nugan's partner and the current chairman, Michael Hand, told an inquest into Mr. Nugan's death that the late chairman had misappropriated "several million dollars" from the bank and that he had also made loans of \$3.3 million to persons and groups whose identity isn't known. "I'm advised by solicitors and accountants that there is little chance of recovering any of these moneys," the former American Green Beret officer stated in an affidavit.

"The company is insolvent and unable to pay its debts as they fall due," he said.

The provisional liquidators are expected to present their findings to the Supreme Court in the Australian state of New South Wales June 27. Meanwhile, that state's Corporate Affairs Commission has confirmed that one of the matters it's looking into is whether Nugan Hand Bank was involved in funneling CIA funds into Australia. Among the items found on Mr. Nugan's body was the business card of Washington, D.C., attorney William Colby, a former CIA director. In Washington last week, Mr. Colby confirmed that he had done legal work for Mr. Nugan but said that was the extent of their relationship.

At the inquest, a lawyer representing two insurance companies that had insured Mr. Nugan's life said the position in which Mr. Nugan's body was found indicated that he couldn't have shot himself as the police who found the body had assumed.

In the past, Nugan Hand Bank has been affected by publicity from allegations of marijuana trafficking against a Nugan family-owned fruit-packing business in Australia. But a New South Wales government commission didn't find any evidence of a link between the company and the drug business.

Nugan Hand's operations in the U.S. were limited to "trade services" for companies interested in foreign joint ventures, according to former U.S. Army Gen. Edwin Black, who acted as the company's representative in Hawaii. There was also an office in Washington, D.C., headed by retired U.S. Navy Adm. Earl Yates, and a president of U.S. operations, Donald Beazley. Mr. Beazley told a reporter he resigned from Nugan Hand more than two months ago and thinks the company today is "inactive" in the U.S.

Gen. Black said by telephone from Honolulu that the company isn't doing any business currently in the U.S. but added, "I haven't received any instructions from Sydney."